



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 5
77 WEST JACKSON BOULEVARD
CHICAGO, IL 60604-3590

MAR 07 2005

REPLY TO THE ATTENTION OF

(AE-17J)

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Charles L. Meer
Reilly Industries, Inc.
1500 South Tibbs Avenue
Indianapolis, IN 46242-0912

Re: Finding of Violation, 40 C.F.R. Part 82, Subpart F

Dear Mr. Meer:

The United States Environmental Protection Agency (EPA) is issuing the enclosed Finding of Violation (FOV) to Reilly Industries, Inc. (Reilly). We find that you are violating Section 608 of the Clean Air Act, Protection of Stratospheric Ozone Standards, 42 U.S.C. § 7471g.


We have several enforcement options under Section 113(a)(3) of the Clean Air Act, 42 U.S.C. § 7413(a)(3). These options include issuing an administrative compliance order, issuing an administrative penalty order, and bringing a judicial, civil, or criminal action. The options we select may depend on, among other things, the length of time you take to achieve and demonstrate continuous compliance with the rules cited in the FOV.

We are offering you an opportunity to confer with us about the violations alleged in the FOV. The conference will give you the opportunity to present information on the specific findings of violation, the efforts you have taken to comply, and the steps you will take to prevent future violations.

Please plan for your company's technical and management personnel to attend the conference to discuss compliance measures and commitments. You may have an attorney represent you at this conference.

The EPA contacts in this matter are Yone Yu and Deborah Carlson. You may call Mr. Yu at (312) 886-2260 or you may call Ms. Carlson at (312) 353-6121 to request a conference. You should make the request as soon as possible, but no later than 10 calendar days after you receive this letter. We should hold any conference within 30 calendar days of your receipt of this letter.

Sincerely,

A handwritten signature in black ink, appearing to read "Stephen Rothblatt", with a large, stylized flourish extending from the end of the signature.

Stephen Rothblatt, Director
Air and Radiation Division

Enclosure

cc: David McIver, IDEM

United States Environmental Protection Agency
Region 5

IN THE MATTER OF:

Reilly Industries, Inc.
Indianapolis, Indiana

Proceedings Pursuant to
the Clean Air Act,
42 U.S.C. §§ 7401 et seq.

FINDING OF VIOLATION

EPA-5-05-06-IN

FINDING OF VIOLATION

The United States Environmental Protection Agency finds that Reilly Industries, Inc. (Reilly) has violated Section 608 of the Clean Air Act (Act), 42 U.S.C. § 7471g. Specifically, Reilly has violated the Protection of Stratospheric Ozone Standards at 40 C.F.R. Part 82, Subpart F, Recycling and Emissions Reduction, as follows:

Regulatory Authority

1. Section 608 of the Act, 42 U.S.C. § 7471g, requires the Administrator of EPA to promulgate regulations establishing standards and requirements regarding the use and disposal of "Class I" and "Class II" ozone-depleting substances.
2. On May 14, 1993, in accordance with Section 608 of the Act, EPA promulgated regulations at 40 C.F.R. Part 82, Subpart F, applicable to Recycling and Emissions Reduction (the Subpart F regulations).
3. The Subpart F regulations apply to any person servicing, maintaining, repairing, or owning appliances, as those terms are defined at 40 C.F.R. § 82.152. 40 C.F.R. § 82.150(b).
4. The Subpart F regulations, at 40 C.F.R. § 82.156(i)(2), require that an owner or operator of industrial process refrigeration equipment and normally containing more than 50 pounds of refrigerant must have leaks repaired if the appliance is leaking at a rate such that the loss of refrigerant will exceed 35 percent of the total charge during a 12-month period. Repairs must bring annual leak rates to below 35 percent during a twelve month period.
5. The Subpart F regulations, at 40 C.F.R. § 82.156(i)(5), require that an owner or operator of comfort-cooling refrigeration equipment normally containing more than 50 pounds of refrigerant must have leaks repaired if the appliance is leaking at a rate such that the loss

of refrigerant will exceed 15 percent of the total charge during a 12-month period.
Repairs must bring annual leak rates to below 15 percent during a twelve month period.

6. The Subpart F regulations, at 40 C.F.R. § 82.156(i)(9), require that owners or operators of industrial process refrigeration equipment and/or comfort-cooling refrigeration equipment must repair leaks pursuant to 40 C.F.R. § 82.156(i)(2) and (i)(5) within 30 days after discovery of the leak.
7. The Subpart F regulations, at 40 C.F.R. § 82.156(i)(3), require that an owner or operator of industrial process refrigeration equipment conduct an initial verification test at the conclusion of the repair efforts.
8. The Subpart F regulations, at 40 C.F.R. § 82.156(i)(3), require that an owner or operator of industrial process refrigeration equipment conduct a follow-up verification test within 30 days after the initial verification test.
9. The Subpart F regulations, at 40 C.F.R. § 82.156(i)(6), state that an owner or operator of refrigeration equipment must develop a one-year retrofit and retirement plan within 30 days of discovering the exceedance of the applicable leak rate or within 30 days of a failed follow-up verification test. The plan must be dated and kept at the site of the appliance.
10. The Subpart F regulations, at 40 C.F.R. § 82.156(i)(6), require that an owner or operator of refrigeration equipment must retrofit or retire such equipment within one year of the retrofit/retirement plan's date.
11. The Subpart F regulations, at 40 C.F.R. § 82.156(i)(3)(iii), require that an owner or operator of industrial process refrigeration equipment that fails a follow-up verification test must notify U.S. EPA within 30 days of the failed follow-up verification test.
12. The Subpart F regulations, at 40 C.F.R. § 82.166(k), require owners of refrigeration equipment normally containing more than 50 pounds of refrigerant to keep service records documenting the date and type of service, as well as the quantity of refrigerant added.

Finding of Facts

13. Reilly owns and operates a chemical manufacturing facility in Indianapolis, Indiana. This facility contains seven industrial process refrigeration units and three comfort cooling refrigeration units with normal charges of over 50 pounds, including the following:

Industrial Process Refrigeration Units

- A. Continental MDW-100 North (Continental North)
- B. Continental MDW-100 South (Continental South)
- C. Carrier Tank 363 (Tank 363)
- D. Carrier 30GT

Comfort-Cooling Refrigeration Units

E. North Lab TSI SE2CM110 (North TSI)

The refrigeration units referenced in Paragraph 13, above, are “appliances,” as defined in 40 C.F.R. §82.152, and use the class II refrigerant R-22.

14. Between January 1, 2001 and July 2, 2004, industrial process refrigeration unit Continental South experienced leaks that resulted in an annual leak rate exceeding 35 percent.
15. Reilly did not perform repairs on Continental South that resulted in returning the annual leak rate to below 35 percent on October 18, 2003.
16. Reilly failed to perform initial verification tests to verify that the repairs performed on October 18, 2003 had brought the leak rates of the Continental South to below 35 percent.
17. Reilly failed to perform follow up verification tests to verify that the repairs performed on October 18, 2003 had brought the leak rates of the Continental South to below 35 percent.
18. Reilly did not develop retrofit or retirement plans for Continental South when repairs performed on October 18, 2003 were unable to bring the leak rate to below 35 percent.
19. Reilly did not retrofit or retire Continental South within one year when repairs performed on October 18, 2003 were unable to bring the leak rate to below 35 percent.
20. Reilly did not notify the EPA after failed follow-up verification tests performed on October 18, 2003 showed that repairs had failed to bring the leak rates of Continental South to below 35 percent.
21. Between January 1, 2001 and July 2, 2004, comfort-cooling refrigeration unit North TSI experienced leaks that resulted in an annual leak rate exceeding 15 percent.
22. Reilly did not perform repairs on the North TSI refrigeration unit that resulted in returning the annual leak rate to below 15 percent on the following dates:
 - July 10, 2001
 - August 24, 2001
23. Reilly did not develop retrofit or retirement plans for North TSI when repairs performed on the following dates were unable to bring the leak rate to below 15 percent:
 - July 10, 2001


- August 24, 2001
24. Reilly did not retrofit or retire North TSI within one year when repairs performed on July 10, 2001 were unable to bring the leak rate to below 15 percent.
 25. Reilly did not record the quantity of refrigerant added to the North TSI refrigeration unit on June 15, 2001.
 26. Reilly did not record the quantity of refrigerant added to the Continental South refrigeration unit on October 30, 2002.
 27. Reilly did not record the quantity of refrigerant added to an unidentified Continental refrigeration unit on August 28, 2003.
 28. Reilly did not identify the Continental refrigeration unit to which 120 pounds of R-22 were added on May 13, 2004.
 29. Reilly did not record the quantity of refrigerant added to an unidentified Carrier 30GT refrigeration unit on January 10, 2003.
 30. Reilly did not record the quantity of refrigerant added to the Tank 363 refrigeration unit on the following days:
 - January 12, 2004
 - February 14, 2004
 31. Reilly did not identify the refrigeration units to which refrigerant was added on the following days:
 - January 16, 2001
 - August 22, 2001
 - May 8, 2003
 - July 11, 2003

Violations

33. Reilly is in violation of 40 C.F.R. § 82.156(i)(2) and Section 608 of the Act, 42 U.S.C. § 7471g, for failing to repair leaking industrial process refrigeration equipment such that the annual leak rate is brought below 35 percent.
34. Reilly is in violation of 40 C.F.R. § 82.156(i)(5) and Section 608 of the Act, 42 U.S.C. § 7471g, for failing to repair leaking comfort-cooling refrigeration equipment such that the annual leak rate is brought below 15 percent.

35. Reilly is in violation of 40 C.F.R. § 82.156(i)(3) and Section 608 of the Act, 42 U.S.C. § 7471g, for failing to properly conduct initial verification tests.
36. Reilly is in violation of 40 C.F.R. § 82.156(i)(3) and Section 608 of the Act, 42 U.S.C. § 7471g, for failing to properly conduct follow-up verification tests.
37. Reilly is in violation of 40 C.F.R. § 82.156(i)(6) and Section 608 of the Act, 42 U.S.C. § 7471g, for failing to develop a one-year retrofit and retirement plan for leaking refrigeration equipment following an exceedance of the applicable leak rate or a failed follow-up verification test.
38. Reilly is in violation of 40 C.F.R. § 82.156(i)(3)(ii) and Section 608 of the Act, 42 U.S.C. § 7471g, for failing to retrofit or replace leaking refrigeration equipment following an exceedance of the applicable leak rate or a failed follow-up verification test.
39. Reilly is in violation of 40 C.F.R. § 82.156(i)(3)(iii) and Section 608 of the Act, 42 U.S.C. § 7471g, for failing to notify the U.S. EPA of failed follow-up verification tests.
40. Reilly is in violation of 40 C.F.R. § 82.166(k) and Section 608 of the Act, 42 U.S.C. § 7471g, for failing to keep service records documenting the date and type of service, as well as the quantity of refrigerant added.

3/7/2005
Date



Stephen Rothblatt, Director
Air and Radiation Division

CERTIFICATE OF MAILING

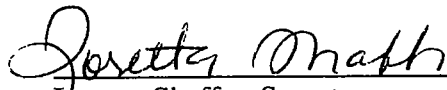
I, Loretta Shaffer, certify that I sent a Finding of Violation, No. EPA-5-05-06-IN
by Certified Mail, Return Receipt Requested, to:

Charles L. Meer
Reilly Industries, Inc.
1500 South Tibbs Avenue
Indianapolis, IN 46242-0912

I also certify that I sent copies of the Finding of Violation by first class mail to:

David McIver, Chief
Office of Enforcement Air Section
Indiana Department of Environmental Management
100 North Senate Avenue, Room 1001
Indianapolis, IN 46206-6015

on the 8th day of MARCH, 2005.



Loretta Shaffer, Secretary
AECAS (MN/OH)

CERTIFIED MAIL RECEIPT NUMBER: 7001 0320 0005 9025 7050